



The Ocean Carrier's Perspective

Presented by
Lea Bogatch-Genossar
President, ZIM American Integrated Shipping Services

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ZIM: Company Snapshot

- **100** Fully & partly-owned agencies worldwide. Dozens of branches around the world.
- **20** Fully & partly-owned related and complementary logistic companies.
- **6,000** Employees.
- **30,000** Satisfied customers.
- **100** active vessels & mega ships with a total capacity of 337,000 TEU'S.
- Calling ports in over **120** countries, worldwide.
- Operating **65** lines, covering the world's most important trade routes.



The Industry Today

Is the shipping industry...

S.Y. Kim, Hanjin: "With Europe expected to remain stagnant for 2013, the global economy will rely on the remaining markets."

L. Hanbo, COSCO: "in 2013, carriers must continue practicing discipline...no customers like rate increases, but carriers are facing cost increases all over the board"

Z. Bing, CSCL: "As mega-vessels replace midsize ships, it's more difficult to find homes for those smaller vessels"

A. Clifford, Containerization inst.: "The challenges our industry faces...are far greater today than ever before"

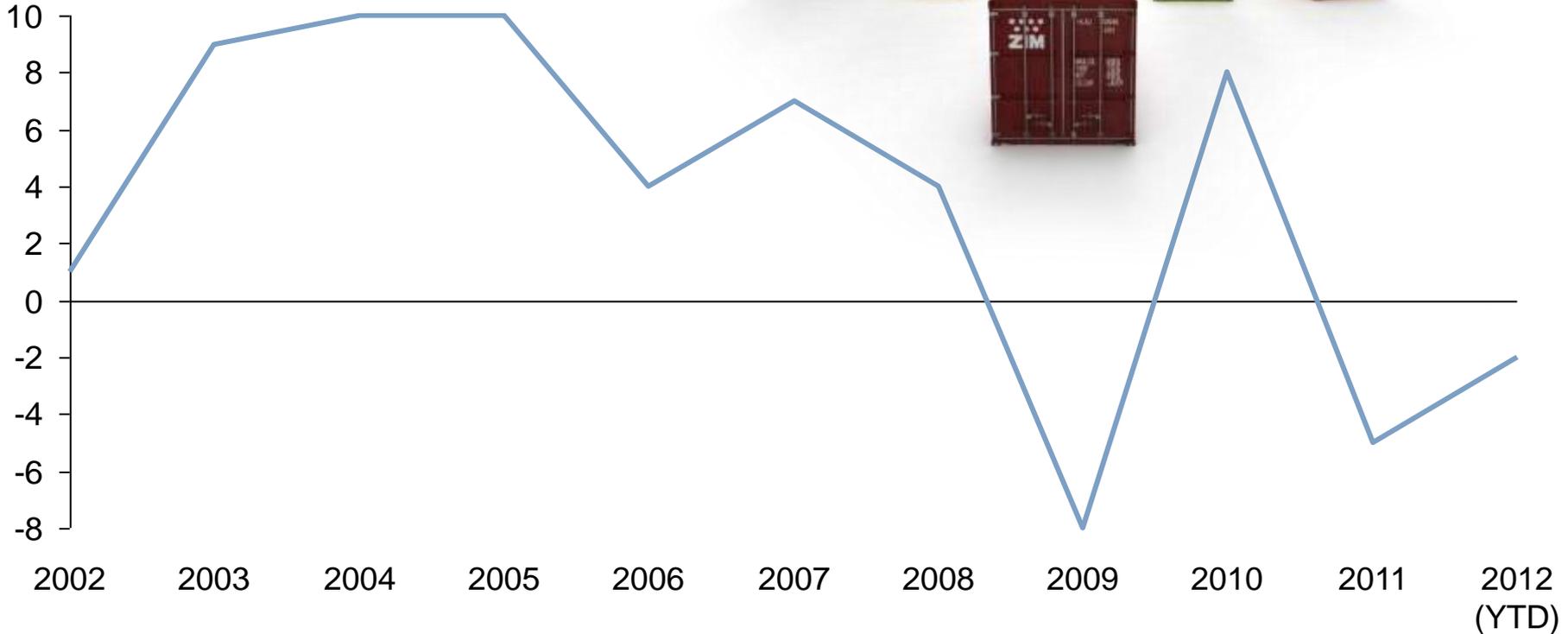
T. Chen, Evergreen: "Continuing to order new vessels is not only irresponsible but negatively impacts the return on investment of all carriers"

Dangling on a cliff?*

*Quotes from JOC, January 7 2012

The Shipping Industry Is Suffering From a Prolonged Crisis Gravely Affecting Its Profitability

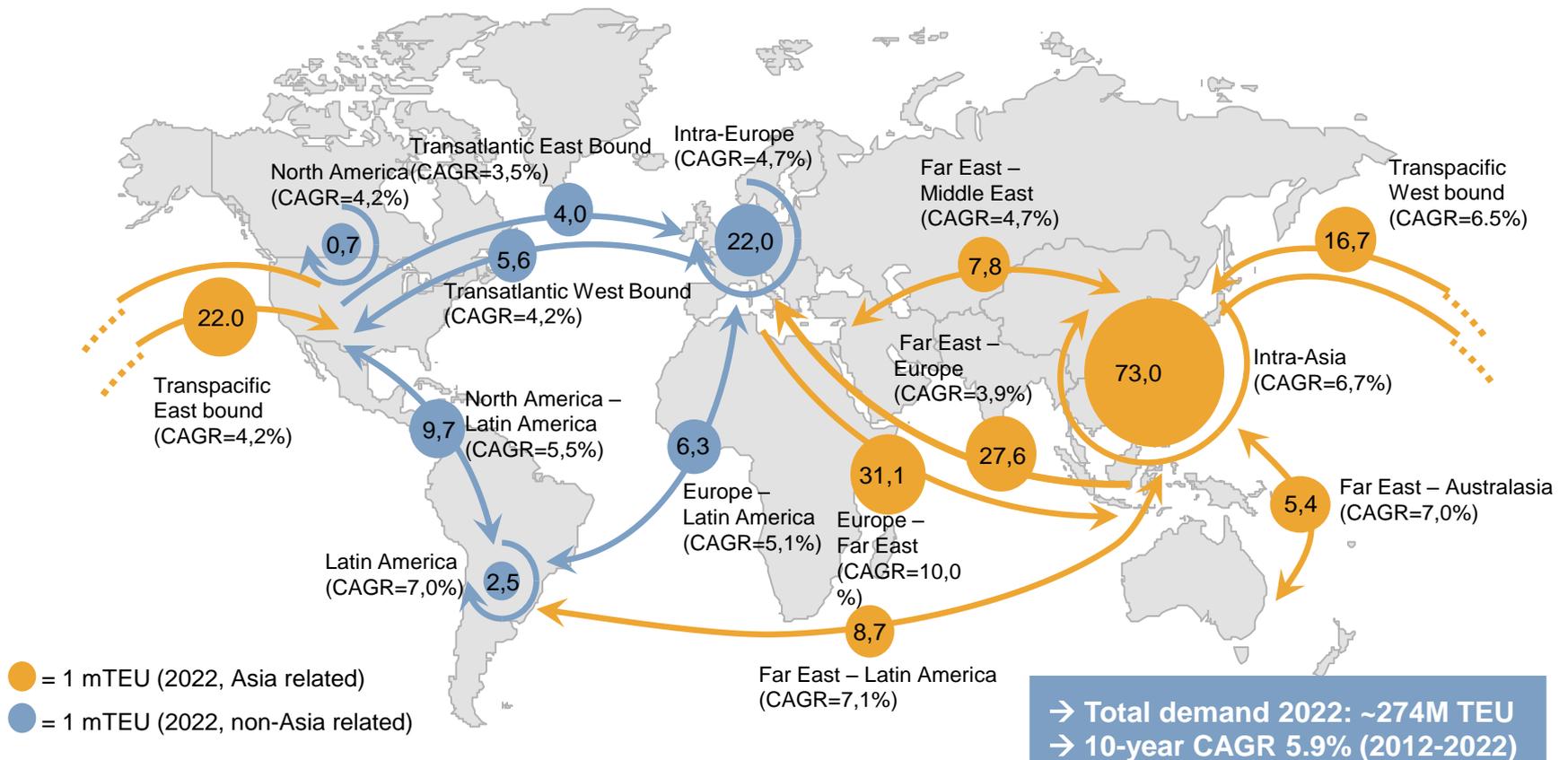
Operational
profitability
margin %



**Combined USD 5bn+
operating losses for
top 20 carriers**

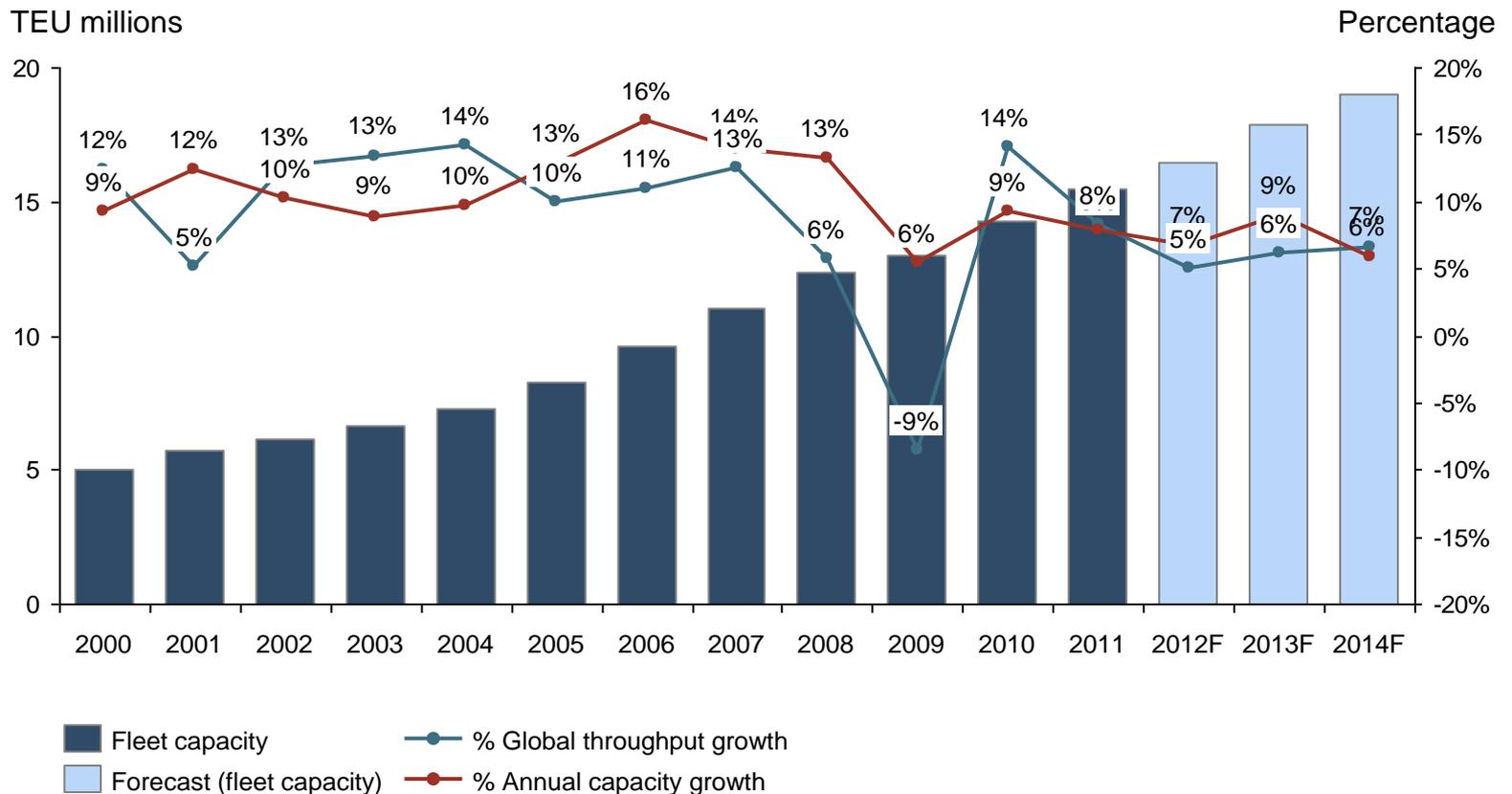
Global Trade Is Expected To Continue To Experience Healthy Growth...

Global container flows by main trades, 2022 (TEU Million)



... But Demand Growth Insufficient To Close The Supply/Demand Imbalance At Least Until Early 2014

Cellular fleet growth vs. global container throughput 2000-2014F



Source: Alphaliner

What Can We Do To Fix The Situation?





What Are The Challenges We Are Facing?



The Panama Canal Expansion

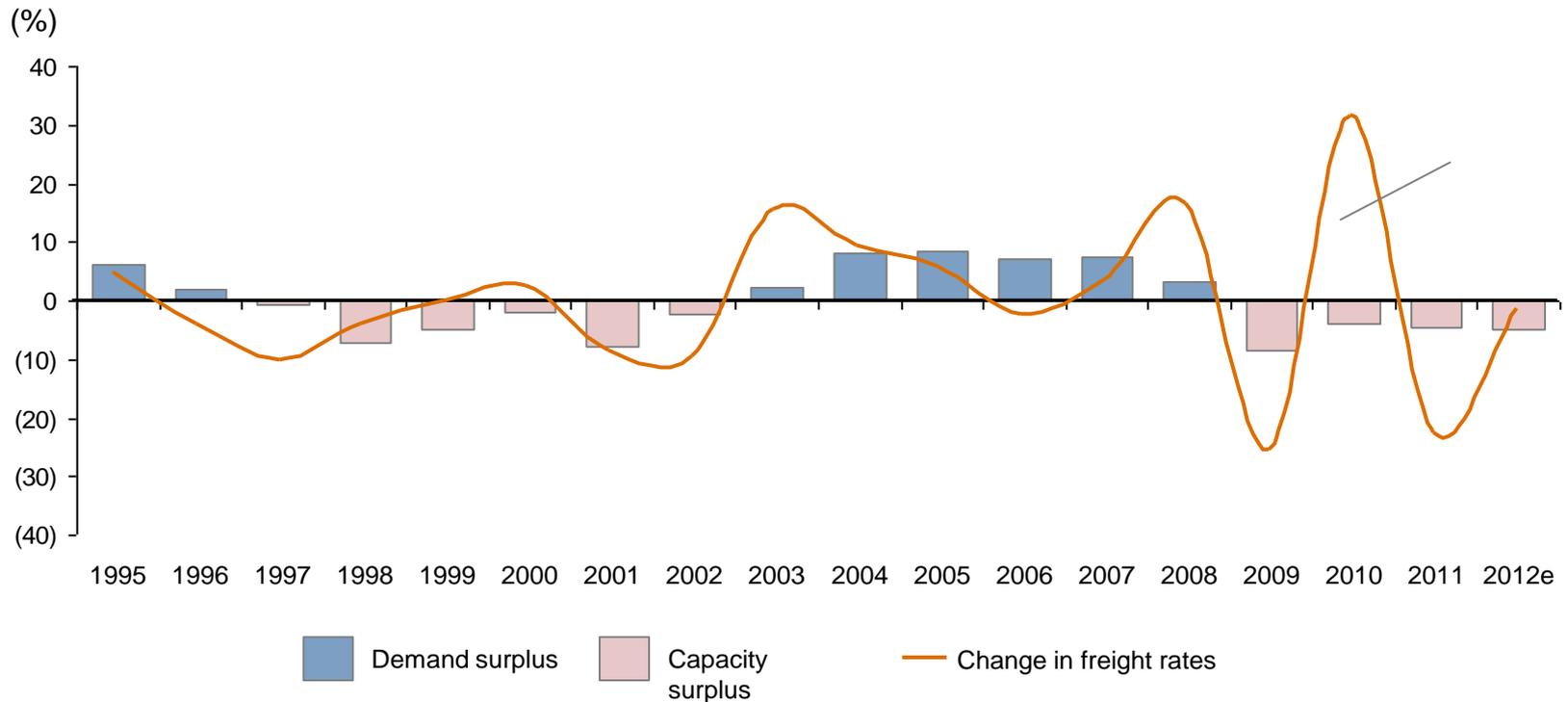


The Panama Canal Expansion

- However, **this won't significantly change** the favorable position of the WC Gateways in terms of T/T and intermodal activity
- US Midwest area, a major business center, will still be served through West Coast
- Are the US EC ports ready for it?
- Carriers will try to maximize their economies of scale Using larger vessels via the canal. Again, this should be done **responsibly**

Unless carriers take the needed steps to balance the over supply, the industry profitability will remain volatile

When there is an overall annual capacity imbalance, there will be ongoing volatility...



What are Shipping Lines Doing In Order to be More Efficient:

- Slow steaming
- Idling vessels
- Cutting costs
- Improve operational efficiencies
- Increase economies-of-scale by deploying bigger vessels
- Renegotiate agreements
- Strive for revenue improvements in freight.
- Cooperate
- Operational restructuring towards opening of the Canal



Responsibility Is Key

**Closing The Supply/Demand Gap Will Require Strict Ordering,
Increased Idling, And Scrapping Discipline**

Responsible Freight Rates Policy

Avoiding Cut-Throat Competition Leading To Losses To All

Cooperation And Support Of All Business Partners

